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**FIRST LEASE AMENDMENT
BETWEEN
THE PORT OF PORTLAND
AND
THE CITY OF PORTLAND**

THIS FIRST LEASE AMENDMENT ("Amendment No. 1") effective as of June 30, 2003 ("Effective Date") is entered into by and between THE PORT OF PORTLAND, a port district of the State of Oregon (the "Port") and THE CITY OF PORTLAND, a municipal corporation ("Lessee").

RECITALS

A. The Port and Lessee executed a Terminal 1 North Lease dated effective August 1, 2002 (Port Lease No. 02-093) (as amended, the "Lease").

B. The Port desires to sell a wharf area ("Dock") to a third party, a portion of which Dock measuring 2,518 square feet is included within the Premises as defined in the Lease (the "Leased Dock Area").

C. The City is willing to amend the Premises to delete the Leased Dock Area in return for an adjustment to Rent as defined in the Lease.

NOW, THEREFORE, the parties, intending to be legally bound by the terms and conditions contained in this Amendment No. 1 and in consideration of the mutual covenants set forth below, agree as follows:

AGREEMENT

1. PREMISES

That portion of the Premises (defined in Section 1 of the Lease) consisting of the Phase 1 Yard Area (defined in Section 1.2.1 of the Lease) is hereby modified to delete the Leased Dock Area. Exhibit A to the Lease is hereby replaced with Exhibit A-1 attached hereto, showing the reduced Phase 1 Yard Area consisting of 230,701 square feet (233,219 square feet less 2,518 square feet). Lessee hereby acknowledges that as of the Effective Date of this Amendment No. 1, Lessee has removed all of Lessee's personal property from the Leased Dock Area in accordance with the requirements of Section 10.3.1 of the Lease.

2. RENT ADJUSTMENT

Commencing with the Effective Date of this Amendment No. 1, Rent for the Phase 1 Yard Area shall be calculated as follows:



230,701 square feet times \$0.08 per square foot per month, totaling \$18,456.08 per month. If the Effective Date of this Amendment No. 1 is other than the first day of the calendar month, then Rent for the Phase 1 Yard Area shall be prorated for the remainder of such calendar month.

3. ENTRANCE GATES

The Port will install a fence along the new southern boundary of the Premises as shown on Exhibit A-1. The southern boundary fence will be installed at the mid-point of the current opening of Gate 15 and run easterly to the edge of the dock. The Port will reinstall the northern section of Gate 15 so that Lessee retains reasonable access to the Premises, as shown on Exhibit A-1 or as otherwise agreed to by both parties. From and after the Effective Date of this Amendment No. 1, Lessee will no longer have access rights to the southern half of Gate 15.

4. SAVINGS CLAUSE

Except as expressly modified by this Amendment No. 1 the Lease shall remain in full force and effect according to its terms.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 as of the date set forth above.

LESSEE
THE CITY OF PORTLAND

By: Dean Mancini

Name: DEAN MANCINI

Title: Director, BES

APPROVED AS TO FORM

By: John V. Bates

City Attorney

THE PORT OF PORTLAND

By: Bill Wyatt

Bill Wyatt, Executive Director

APPROVED AS TO LEGAL SUFFICIENCY
FOR THE PORT OF PORTLAND

By: Julie Kilgus

Counsel for the Port of Portland

